

SUBCOMMITTEE NO. 3

Agenda

Health, Human Services, Labor & Veteran's Affairs

Chair, Senator Elaine K. Alquist
Senator Alex Padilla
Senator Dave Cogdill



Thursday, March 8, 2007
10:00 A.M. or Upon Adjournment of Session
Room 4203 (John L. Burton Hearing Room)
(Eileen Cubanski, Consultant)

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Vote-Only Agenda

Vote Only Issue 1: OSHPD—Senate Bill 1661 Workload

Description: The Governor's Budget proposes \$1.425 million from the Hospital Building Fund (\$1.234 million one-time) and three positions to implement SB 1661 (Cox, Chapter 679, Statutes of 2006).

Background: SB 1661 will allow general acute care hospitals to receive an additional two-year extension to January 1, 2015, to meet hospital building seismic safety requirements, if the building project meets specified criteria. In addition, SB 1661 requires all hospitals that have Structural Performance Category (SPC)-1 buildings (those considered hazardous and at-risk of collapse in a major earthquake) to complete a survey reporting specified data on the status of each SPC-1 building and that OSHPD post the hospital survey reports on their website within 90 days of receipt. For buildings that did not request an SB 1661 extension (301 buildings), the survey data is due April 15, 2007. For buildings that did request the extension (809 buildings), the survey data is due by June 30, 2009 and June 30, 2011.

Of the total funding, \$1.234 million in one-time funding is proposed for a contract with graduate university students or private engineering firms to visit the 809 hospital buildings that have requested an extension to assist them in filling out the survey report. The requested positions would develop the survey report, assist hospitals in filling out the survey reports, validate the reported hospital data, and post the data on the OSHPD website.

Staff Recommendation: Approve as budgeted. Although it is not known how much of this workload will be ongoing after five years, OSHPD indicates that these positions are particularly difficult to fill and would be more so if the positions are approved on a two-year limited-term basis. OSHPD should be prepared, in future fiscal years, to re-justify the need for these positions.

Vote Only Issue 2: OSHPD—Hospital Fair Pricing Policies

Description: The Governor's Budget provides \$688,000 from the California Health Planning and Data Fund (\$459,000 one-time) and two positions to develop an on-line system to implement AB 774 (Chan, Chapter 775, Statutes of 2006).

Background: AB 774 requires each general acute care hospital, as a condition of licensure, to maintain policies for full and partial charity care, and to implement a broad range of policies and procedures related to the determination of charity care eligibility. AB 774 also requires OSHPD to collect from each hospital a copy of its charity care policy, discount payment policy, eligibility procedures, review process and application form for financial assistance, and to provide this information to the public. Hospital reporting of this data will begin January 1, 2008.

Of the total funding, \$459,000 is one-time to develop a web-based system for document submission and tracking. The requested positions would notify hospitals of the reporting requirements, review required policies for appropriate content and compliance, maintain the web-site, provide technical support to reporting facilities and data users, and develop reports for publication.

Staff Recommendation: Approve as budgeted. The workload request is justified.

Vote-Only Issue 3: OSHPD—Logbook Database System Redesign Project

Description: The Governor's Budget proposes \$2.429 million from the Hospital Building Fund to provide third-year funding for the redesign of the Logbook Database System. The Logbook Database System is used by OSHPD to track health facility construction projects through the plan review and construction phases. The system also supports the tracking of facility compliance with seismic retrofit projects and facilitates emergency operations in the event of a natural disaster. The system redesign is intended to integrate the current system of add-on modules and poorly integrated database tables to streamline the review of healthcare facility construction plans.

The new system is scheduled for implementation in 2009-10. The total proposed project costs to develop the new system are \$11.5 million, including \$8.0 million in one-time development costs and \$3.5 million in ongoing costs over the six-year project period that began in 2005-06. All costs for the redesign project are funded from the Hospital Building Fund, a special revenue fund supported by fees charged to healthcare facilities for plan review and construction observation.

Staff Recommendation: Approve as budgeted. The development of this system has been delayed by about a year due to a delay in contracting with a software vendor. However, none of the vendor costs have changed and there appear to be no technical problems that would further delay the project.

Vote-Only Issue 4: DADP-Comprehensive Drug Court Implementation (CDCI)

Description: The Governor's Budget redirects \$341,000 General Fund from the existing Comprehensive Drug Court Implementation (CDCI) local assistance appropriation to establish four permanent positions to administer the expanded funding provided in the 2006-07 budget for adult felon drug courts and dependency drug courts. The funding transfer and positions have been administratively established in January 2007.

The DADP has not received any additional resources to administer the activities associated with the increased funding levels for CDCI, including the \$8.9 million augmentation provided in 2006-07. The DADP expects the counties to expand services in current programs and the number of counties funded to increase. There are currently two positions administering CDCI with a total of \$175,000 in General Fund state operations support; the Governor's Budget increases the total to six and \$526,000.

Staff Recommendation: Approve as budgeted. The workload seems justified and there have been no issues raised with this proposal.

Vote-Only Issue 5: DADP—Integrated Services for Persons with Co-Occurring Disorders

Description: The Governor's Budget proposes \$479,000 in Mental Health Services Act (MHSA) funds and to convert two limited-term positions to permanent. The two limited-term positions were originally provided in 2005-06 for DADP to work collaboratively with the Department of Mental Health in implementing the MHSA and support counties and providers in efforts to coordinate mental health and alcohol and other drug (AOD) prevention and treatment services to individuals with co-occurring disorders (COD). Of the total funding, \$240,000 would be for contractual services to evaluate a standardized COD screening tool, develop a classification model, and make recommendations on eliminating barriers to service and improving statewide implementation of services.

Staff Recommendation: Approve as budgeted. The workload associated with MHSA implementation is ongoing. The contract activities are promising in improving the identification and placement of individuals with COD to better ensure that they receive and benefit from the appropriate AOD and mental health treatment services.

Vote-Only Issue 6: CDA—Criminal Record Clearance

Description: The Governor's Budget proposes \$293,000 General Fund (\$225,000 state operations and \$68,000 local assistance) for the California Department of Aging to contract with the California Department of Social Services and the 33 Area Agencies on Aging (AAAs) to process criminal record clearances and conduct fingerprinting locally for Long-Term Care Ombudsmen staff and volunteers as mandated by SB 1759 (Ashburn, Chapter 902, Statutes of 2006). In addition, the Administration proposes trailer bill language to make the criminal record clearances required by SB 1759 contingent on an appropriation in the annual Budget Act or other legislation.

Background: Ombudsmen staff and volunteers help to resolve complaints made by, or on behalf of, residents and ensure that skilled nursing facilities and residential care facilities for the elderly provide quality care for residents. The duties of an Ombudsman place him or her in direct personal contact with residents.

Prior to enactment of SB 1759, criminal background clearances for ombudsmen volunteers and staff were not required. This budget request would enable CDA to use DSS' existing criminal record clearance systems, rather than create the same function within the CDA, and to cover the costs of fingerprinting Ombudsmen staff and volunteers.

Staff Recommendation: **Approve the funding request, but reject the trailer bill language that would make background clearances contingent on an appropriation.** This language would result in some certified ombudsmen being cleared of criminal backgrounds, while other certified ombudsmen were not. This would lead to potential inequities in and weakening of the protections provided to residents of long-term care facilities by the criminal background clearances.

Vote-Only Issue 7: CDA—Continuation of ADHC Program Reform

Description: The Governor's Budget proposes \$194,000 (\$94,000 General Fund) and one position to provide legal analysis and consultation on complex issues arising from implementation of Adult Day Health Care (ADHC) Program reforms. Although the bulk of the workload associated with these reforms falls on DHS, the CDA, in their certification role, is also seeing increased legal workload associated with ADHC reform.

Staff Recommendation: **Approve as budgeted.** The workload request appears justified.

Discussion Agenda

4170 California Department of Aging (CDA)

CDA Issue 1: Caseload Estimates

Description: This issue is to provide a better understanding of the data that CDA is required to report to the Legislature in an effort to make it more useful.

Background: The 2005 Budget Act required the CDA to submit a caseload and funding report for all programs to the Legislature by January 10 of each year. Although the CDA has complied with the requirement, the data is not proving to be useful in policy and budget development. It is important that the Legislature have relevant data in order to make informed decisions about the best investments to make in the long-term care system.

Questions:

1. CDA, please describe the data that the Department is required to collect.
2. CDA, describe how the department uses that data and the information reported to the Legislature.
3. CDA, describe the federal reporting requirements and how this data differs from that.

Staff Recommendation: Direct the LAO to review the federal and state data reports and work with staff to determine what data from the CDA would be helpful in informing the Legislature's decisions.

4140 Office of Statewide Health Planning and Development (OSHDP)**OSHDP Issue 1: Review of Plans for Hospital Seismic Safety—
Information Only**

Description: OSHDP will provide the Subcommittee an update on the status of efforts to improve their review of construction plans for hospital seismic safety.

Background: In budget subcommittee hearings last year, concerns were raised about the timeliness of OSHDP's review process for hospital construction plans and the impact that delays in plan review have on increasing hospital construction costs. To address these concerns, the Administration requested at the May Revision and the Legislature approved 16.0 new positions and \$1.3 million from the Hospital Building Fund to improve the efficiency of the hospital facility safety review functions performed by OSHDP.

In addition, trailer bill language was enacted (AB 1808, Chapter 75, Statutes of 2006) that established a program, contingent on funding provided in the annual Budget Act, for training fire and life safety officers and requires OSHDP to prepare a comprehensive report on the training program setting forth the program's goals, objectives, and structure. This report is to be submitted to the Joint Legislative Budget Committee by April 1, 2007. The 2006-07 Budget Act included \$1.2 million for the training program. The Department will report to the Subcommittee on its development of the training program and its report in April or May.

Senate Bill 1838 (Perata, Chapter 693, Statutes of 2006) added to the trailer bill language to authorize the establishment of other training programs as necessary to ensure that a sufficient number of qualified personnel are available to review hospital construction plans. It also requires OSHDP to assess the processing time for its review of hospital construction plans and provide an annual update to the appropriate policy and fiscal committees of the Legislature no later than February 1 each year. OSHDP has not yet submitted that report and indicates that it is under review within the Administration.

Questions:

1. OSHDP, please describe the efforts you have undertaken to improve your review time of hospital construction plans, including how the 16 positions and \$1.3 million are being used.
2. OSHDP, provide an update on when the required assessment will be provided to the Legislature.

**OSHPD Issue 2: Hazards U.S. (HAZUS) Seismic Safety Assessment—
Information Only**

Description: OSHPD will provide the Subcommittee a description of the Hazards U.S. (HAZUS) seismic safety assessment, how it is being used in California, and an update on the status of OSHPD's work with HAZUS.

Background. In 2001, hospitals underwent a safety evaluation in which they rated their buildings according to how they would perform in a strong earthquake. Structural ratings ranged from Structural Performance Category (SPC)-1 (significant risk of collapse) to SPC-5 (reasonably capable of providing services to the public following strong ground motion). As a result of this evaluation:

- *Buildings Rated SPC-1.* 973 (37 percent) of California's hospital buildings did not meet the Seismic Safety Act standards, and are at risk for collapse in a major earthquake. These buildings must be retrofitted, replaced, or removed from acute care services by January 1, 2008 (or 2013 under certain circumstances).
- *Buildings Rated SPC-2.* 175 buildings (7 percent) do not significantly jeopardize life, but may not be reparable or functional following a strong quake. These buildings must be brought into compliance with the Seismic Safety Act by 2030 or be removed from acute care service.
- *Buildings Rated SPC-3, -4, or -5.* Over 1,400 buildings (56 percent) are considered capable of providing services following a strong quake and may be used without restriction to 2030 and beyond.

At the May Revision last year, the Administration requested, and the Legislature approved \$100,000, for an independent contractor to peer review an analysis of the seismic safety risk of hospital buildings using HAZUS, a federal seismic safety assessment tool. HAZUS is a standardized, publicly available, and nationally applicable tool to conduct disaster loss estimations. It will be able to provide a more sophisticated analysis of the structural safety of California's hospitals in the event of a major earthquake. OSHPD is now using the HAZUS program to re-examine the seismic risk of acute health care facilities that are currently rated SPC-1, (those most at-risk of collapse or significant loss of life), and reprioritize these buildings based on a reassessment of their level of risk. The independent consultant is peer reviewing the results of this HAZUS reassessment.

As a result of the HAZUS analysis, OSHPD will be considering the reclassification of some SPC-1 buildings to other structural performance categories. Their current proposal would reclassify an SPC-1 building to an SPC-2 building if it is found by the HAZUS assessment to have a 10 percent or less chance of complete damage. If a SPC-1 building is found to have 10 percent to 15 percent chance for complete damage, the building will be placed in a new SPC-1E category. OSHPD is also considering an extension of 2008/2013 deadline for SPC-1E buildings to 2020.

Questions:

1. OSHPD, please describe the HAZUS assessment.
2. OSHPD, give an update of your implementation of the HAZUS assessment, when you expect it to be completed, and next steps.

4200 Department of Alcohol and Drug Programs (DADP)**DADP Issue 1: Funding for Proposition 36, the Substance Abuse and Crime Prevention Act (SACPA)**

Description: The Governor's Budget reduces funding for the Substance Abuse and Crime Prevention Act (SACPA) by \$60 million General Fund in 2007-08. Of this \$60 million, \$35 million is proposed to be redirected to provide an increase to the Substance Abuse Offender Treatment Program (OTP). The remaining \$25 million would be one-time General Fund savings. The Administration states that it will revise its budget proposal in the May Revision to move the remaining \$60 million in General Fund for SACPA to OTP if the program reforms are not implemented. The Governor's Budget also includes trailer bill language modifying certain provisions of the OTP.

Background:

- **Voters Approved SACPA in 2000:** SACPA changed state sentencing laws, effective July 1, 2001, to require adult offenders convicted of nonviolent drug possession to be sentenced to probation and drug treatment instead of prison, jail, or probation without treatment.
- **Program Funding:** SACPA appropriated \$60 million for 2000-01 and \$120 million General Fund annually from 2001-02 through 2005-06. The 2006-07 budget maintained \$120 million General Fund for SACPA and provided an additional \$25 million to establish the OTP, bringing total funding for SACPA-eligible offenders to \$145 million. The 2006-07 budget also included statutory program reforms including flash incarceration, improved judicial oversight of program participants, and expanded options for offender management. However, these statutory reforms are being legally challenged by the proponents of SACPA and have been suspended by judicial injunction. It is not known when or how this legal challenge will be resolved.
- **Concerns Regarding Funding Level:** A number of constituency groups have expressed concern with the Governor's Budget and the proposed level of funding. Based on a 2005 survey of all counties, the total amount needed to fully fund SACPA is \$209 million. Due to funding constraints, some counties already currently have waiting lists for residential treatment slots. Clients are provided outpatient services while on those waiting lists. Funding constraints have also resulted in some counties reducing the intensity and duration of treatment, such as providing group counseling instead of individual counseling, and reducing treatment programs from 12 to 8 weeks. The \$25 million reduction to the \$145 million in overall funding further compounds these treatment shortfalls.
- **UCLA Cost Analysis Report:** Researchers at the University of California, Los Angeles (UCLA) released a report on the effectiveness of SACPA in April 2006. The UCLA report included three studies that each documented costs and savings in eight areas: prison, jail, probation, parole, arrest and conviction, treatment, health, and

taxes. CalWORKs and Child Welfare/Foster Care costs and savings were not included in the study. The researchers used administrative data from state databases for SACPA and non-SACPA participants to measure state and local savings.

Overall, UCLA found a benefit-cost ratio of nearly 2.5 to 1, indicating that \$2.50 was saved for every \$1 in SACPA expenditures. Across the 8 areas assessed, SACPA led to a total cost savings of \$2,861 per offender over the 30 month follow up period. For drug treatment completers, SACPA reflected a benefit-to-cost ratio of about 4 to 1, despite higher treatment costs for this group, indicating that approximately \$4 was saved for every \$1 spent on a treatment completer in SACPA. Total savings across eight areas was \$5,601 per offender for completers.

The UCLA researchers came to various conclusions and recommendations about how to further improve SACPA performance. These conclusions and recommendations were the basis of the SACPA changes proposed in 2006-07 and the creation of the OTP. The researchers, Dr. Angela Hawken and Dr. Darren Urada will provide a summary of the study's findings, conclusions, and recommendations for the Subcommittee.

UCLA has completed a data addendum to their 2006 report. The DADP was expected to release this information by late 2006 or January 2007, but it is currently still under review within the Administration.

- **LAO Analysis:** The LAO's own analysis of SACPA finds an overall benefit-cost ratio of 2 to 1, primarily due to diversion of offenders from state prison. Therefore, the proposed reduction of \$25 million to SACPA spending could ultimately cost the state more than it would save. The LAO recommends that the Legislature redirect \$25 million from the Governor's proposed probation grant program in the California Department of Corrections and Rehabilitation and the \$35 million proposed OTP augmentation to restore SACPA funding at \$120 million. In addition, the LAO recommends that the Legislature seek legal guidance before deciding to fund all of SACPA programs entirely through the OTP.

Questions:

1. UCLA Researchers Dr. Angela Hawken and Dr. Darren Urada will present their 2006 report.
2. LAO, please present your recommendations.
3. DADP, please provide an update on when the UCLA report addendum will be available.

Staff Recommendation: Hold open pending discussions on CDCR's budget in Subcommittee #4.

DADP Issue 2: Substance Abuse Offender Treatment Program (OTP)

Description: The Governor's Budget redirects \$305,000 General Fund from the existing Substance Abuse Offender Treatment Program (OTP) local assistance appropriation to establish 3.5 limited-term positions to administer the OTP. The funding transfer and positions were administratively established in February 2007. The budget also calls for statutory changes to the OTP to modify the drug court requirement, remove the county allocation cap, and eliminate the sunset date.

Background: The 2006-07 Budget Act included \$25 million and trailer bill language to establish the OTP. To be eligible to receive OTP funding, counties are required to provide a 10 percent local funding match to the state funds (i.e., provide \$1 of local funds for every \$9 of OTP funds), and meet specified eligibility requirements including dedicated SACPA court calendars, the presence of drug courts willing to accept felony defendants, the use of drug testing, and assuring the appropriate level of treatment. Under current OTP law, the maximum amount of funding that a county can receive shall not exceed an amount equal to 30 percent of the county's SACPA allocation from DADP for that fiscal year. OTP became operational on July 1, 2006 and has a sunset date of July 1, 2009.

The goal of the OTP is to improve treatment outcomes for SACPA offenders by instituting best practices that UCLA found to be associated with more successful treatment outcomes in their 2006 SACPA study. The specific outcomes expected to be improved through OTP, at a minimum, include: 1) enhanced treatment services, especially residential and narcotic replacement therapy; 2) reduction of delays in providing services; and 3) regularly scheduled reviews of treatment progress through the use of a drug court model and strong collaboration between the criminal justice system and the drug treatment system. The budget trailer bill requires DADP to report during the budget hearings on additional recommendations for improving programs and services, allocations, and funding mechanisms to further improve outcomes.

In the current year, 40 counties applied for OTP funding, one county withdrew their application, and 18 counties did not apply. Of the 18 counties that did not apply, five did not have a drug court, six were unable to provide the required funding match, three cited local politics, and the remaining four were for various reasons. The DADP has allocated \$24.7 million to the 39 counties.

The requested 3.5 positions would establish and refine the allocation methodology, review and approve annual work plans, promulgate emergency regulations, track costs separately from SACPA, establish and maintain a quarterly invoicing process, create an audit methodology and conduct the required audits, and create a new data tool to track OTP and SACPA client data.

The proposed trailer bill language would make the following changes:

- *Modify the drug court requirement.* The proposed language would allow greater flexibility in the drug court requirement, which is intended to enable all counties to qualify for OTP funding. The DADP proposes to work with those counties that have not established drug courts to try to assist them in achieving eligibility for OTP funds.
- *Remove the county allocation cap and sunset date.* Due to additional funding proposed to be provided to the OTP in Governor's Budget, DADP proposes to remove the 30 percent statutory limitation. The existing OTP sunset date is proposed to be eliminated to implement the program on a permanent basis.

Questions:

1. DADP, please describe the budget request.
2. DADP, explain the proposed trailer bill language and why it is being proposed.

Staff Recommendation: Hold open pending further discussions on the SACPA (Proposition 36) and OTP budget proposals.

DADP Issue 3: Licensing Reform Phase II

Description: The budget requests \$1.2 million General Fund and 12.5 positions (4.5 limited-term) in DADP to conduct biennial compliance visits of licensed and/or certified programs, and federally required monitoring reviews and complaint investigations of Drug Medi-Cal providers. The budget also calls for statutory language to permit the collection of fees from all providers to fund these activities and would establish a new fund for the fee revenues. The fees would initially be set at \$2,150 biennially (which is what current law requires for-profit providers be charged) and DADP would convene a stakeholder group to determine a permanent fee schedule.

Background: Although DADP describes this request as the second phase of its licensing reform efforts, the DADP is not proposing any new changes to licensing. Rather, this proposal has the following two distinct components to address existing workload:

- **Staff for Facility Licensing and Certification.** All residential treatment facilities operating in California are required to be licensed by DADP. The DADP also certifies both residential and outpatient alcohol and drug treatment facilities. Certification is voluntary for all facilities. Licensed residential treatment facilities have on-site reviews and license renewal every two years. Prior to 2006-07, certified outpatient treatment programs were certified in perpetuity, with no required periodic site-review (other than to investigate complaints) or renewal. For 2006-07, the Administration requested, and the Legislature approved, trailer bill language that requires biennial visits to certified outpatient treatment programs and two new positions to begin conducting those visits. There are currently 895 licensed

residential treatment facilities, of which 612 are also certified, and 1,051 certified outpatient treatment facilities.

- **Staff for Drug Medi-Cal (DMC) Reviews and Investigations.** Under current law, DMC providers are required to undergo on-site compliance reviews to ensure that Title 22 regulations are followed and billings are appropriate for the services provided. Currently, there are 647 DMC providers, statewide, billing for services rendered. In addition, there have been an increasing number of complaints received by DADP against providers for conducting inappropriate activities or program practices and inappropriate billings.

The DADP has conducting a time study of all licensing- and certification-related functions to determine the number of field staff needed to perform adequate facility reviews. This position request is based upon that study.

Questions:

1. DADP, please describe the budget request and workload justification.

Staff Recommendations: Hold open (including proposed trailer bill language) pending further review of the workload data. Staff have asked LAO staff to review the time-study performed by the DADP to provide input on the validity of that data and the appropriateness of the budget request.

DADP Issue 4: California Methamphetamine Initiative (CMI)
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Description: The Governor's Budget redirects \$197,000 General Fund from existing funding provided for the California Methamphetamine Initiative (CMI) to provide two limited-term positions to DADP to provide state support to the CMI. The requested positions would work with the consultant to develop the media campaign and conduct additional activities to coordinate, support, and disseminate to counties best practices on the prevention and treatment of methamphetamine abuse.

Background: The 2006-07 Budget Act provided \$10 million each year until 2008-09 for a multi-media methamphetamine public education campaign. The DADP has recently released a request for proposal (RFP) to procure a media consultant and a public relations consultant to implement the campaign.

The 2006-07 budget trailer bill also requires DADP to submit a methamphetamine prevention plan to the Legislature by April 1, 2007. The plan shall evaluate whether existing state or federal resources for substance abuse activities can be redirected to methamphetamine prevention. The plan is also required to identify potential targeted audiences for prevention, suggest messages for prevention, and consider strategies for using media, community involvement, and public relations to reach the targeted audience. In addition, DADP is required to report on trends in methamphetamine use

and how the prevention strategy will help reduce the use of methamphetamine statewide. DADP will report on the plan to the Subcommittee this April or May.

Questions:

1. DADP, please describe the status of implementation of the CMI, including expected timing of awarding the contract(s) to the media and public relations consultants.
2. DADP, describe the criteria included in the RFP, including the priority areas and populations to be served by the campaign.
3. DADP, are you on target to release the methamphetamine prevention plan to the Legislature on April 1?

Staff Recommendation: Hold open pending release of the DADP's methamphetamine prevention plan on April 1.

DADP Issue 5: Prison Inmate Aftercare Treatment

Description: The Governor's Budget proposes \$519,000 General Fund and six positions (two half-time limited-term) to implement to license and certify additional drug treatment providers as a result of enactment of SB 1453 (Speier, Chapter 875, Statutes of 2006).

Background: SB 1453 requires non-violent prison inmates who participated in drug treatment in prison to enter a 150-day residential aftercare drug treatment program upon their release from prison. Based upon estimates from the California Department of Corrections and Rehabilitation (CDCR), DADP expects that 5,500 parolees annually will be required to participate in an aftercare treatment program. The DADP currently licenses 878 alcohol and other drug (AOD) residential treatment programs with a capacity of 20,596 beds. The 5,500 additional parolees is a 27 percent increase in needed AOD residential treatment beds capacity. This budget proposal is intended to enable DADP to process the anticipated new residential license applications to meet the capacity need, conduct initial on-site reviews, conduct biennial reviews of the programs, and investigate complaints against the programs and counselors.

In discussions of DADP's funding and position request, it has become evident that CDCR's estimate of the number of parolees expected to require aftercare treatment is not final. Therefore, the actual resources needed by DADP to complete the additional workload associated with SB 1453 cannot be determined at this time.

Questions:

1. DADP, please summarize your funding and position request, and provide an update of when you might have better data from CDCR.

Staff Recommendation: Hold open pending better estimates from CDCR regarding the number of parolees required to participate. The workload for DADP associated with licensing additional residential treatment providers seems justified, but the appropriate level of resources for DADP cannot be determined without better data.

DADP Issue 6: Drug Medi-Cal

Description: The Governor's Budget includes \$149.0 million (\$79.7 million General Fund) for Drug Medi-Cal in 2007-08, an increase of 8.4 percent over the adjusted current year budget due to rate adjustments and caseload.

Background: Drug Medi-Cal treatment is provided through four modalities:

- **Narcotics Treatment Program (NTP)** provides narcotic replacement drugs (including methadone), treatment planning, body specimen screening, substance abuse related physician and nurse services, counseling, physical examinations, lab tests and medication services to persons who are opiate addicted and have a substance abuse diagnosis. The program does not provide detoxification treatment. NTP providers are the primary Drug Medi-Cal providers.
- **Day Care Rehabilitative** provides specific outpatient counseling and rehabilitation services to persons with a substance abuse diagnosis who are pregnant, in the postpartum period, and/or are youth eligible for the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program.
- **Outpatient Drug Free** provides admission physical examinations, medical direction, medication services, treatment and discharge planning, body specimen screening, limited counseling, and collateral services to stabilize and rehabilitate persons with a substance abuse diagnosis.
- **Perinatal Substance Abuse Services** is a non-institutional, non-medical residential program that provides rehabilitation services to pregnant and postpartum women with a substance abuse diagnosis.

Staff Recommendation: Hold open until the May Revision. Drug Medi-Cal caseload estimates will be updated at that time.